



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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September 20, 2001

TO: Governor's Advisory Council on School Funding

From: Jim Standaert
Legislative Fiscal Division

RE: Simplification of K-12 Transportation

After a report on K-12 transportation in Montana, the council directed staff to explore ways of simplifying the method by which the state and county share of K-12 transportation is distributed across districts in the state. In addition the council wanted information on legislation affecting K-12 transportation that was offered during the 2001 legislative session.

Simplification Ideas:

The current system requires a district to count riders, type of rider, mileage, bus capacity, type of route (regular or special ed). The data burden is high and simplification of the state and county share may be warranted. The following simplification ideas are offered: Financial information on each option is summarized in an appendix table.

- 1) Make the state and county share of transportation spending a **percentage of approved costs**. School districts would report spending for eligible transportation and ineligible transportation, plus mileage for eligible and ineligible transportation. Eligible transportation could be defined as excluding transportation for extracurricular activities, private rentals, certain other activities. The state and county share would be total expenditures for each district divided by total miles times eligible miles times 50 percent.

The data on which the state share is calculated could be prior year, in which case the state share could be calculated and known before the school year starts, or the system could be set up as a reimbursement for current year district spending.

Advantages: data on ridership, type of rider, bus capacity, type of route would not be collected, at least by the state. Instead spending data and mileage would be collected by the state.

Disadvantages: state spending on transportation would increase with district costs. Under the current system, state costs rise with mileage and bus capacity, both of

which are more stable than spending. To some extent, data on transportation spending is already collected. If more data would be required, data collection time savings would be reduced.

- 2) Set the state rate at a fixed amount **per mile**. As shown in a report to the council, district spending on transportation and the state share of spending on transportation are highly variable across districts, and are essentially unrelated to size of school or miles traveled. In fiscal 2001, a state rate of \$1.11 per mile would have been cost-neutral with actual state and county spending.

Advantages: data on ridership, type of rider, bus capacity, type of route would not be collected. Instead mileage data would be collected. School districts would know in advance what the state and county share would be. The amount per mile could be adjusted for gas price increases, or other inflation factors.

Disadvantages: Changes in state share for each district, with some districts receiving more than they do now and some receiving less than they do now. The largest state and county transportation contribution to districts in fiscal 2001 was \$1.78 per mile and the smallest was \$0.56 per mile.

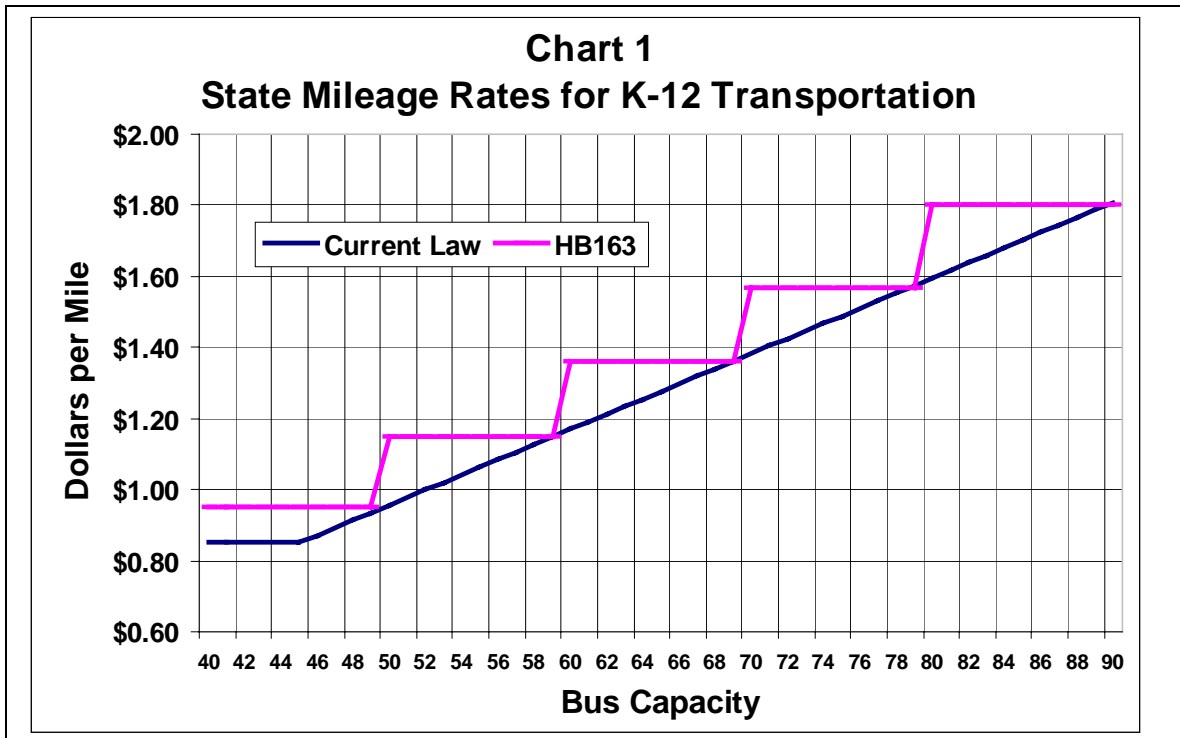
- 3) **HB163** – House Bill 163, offered during the 2001 session, bases state and county mileage rates on bus capacity only, regardless of ridership. The new mileage rates in HB 163 are as follows:

Bus Capacity	Mileage Rates
Nonbus	\$ 0.50
Less than 50	\$ 0.95
50 - 59	\$ 1.15
60 - 69	\$ 1.36
70 - 79	\$ 1.57
80 +	\$ 1.80

These rates were set in such a way that no bus route suffers losses in state and county reimbursements, as shown in Chart 1 below. State and county transportation costs increase by \$3.6 million per year.

Advantages: Since bus capacities change only slowly over time, the state and county share is easily and reliably calculated. No need to count riders.

Disadvantages: Buses that are currently less than half full will be rewarded greater than buses that are more than half full.



The table below shows examples of the additional reward for bus routes with buses that are less than half full. As shown in the table in the appendix, bus routes less than half full receive \$2.6 million more state and county dollars compared with current law, while bus routes greater than half full receive only \$1.1 million more than under current law.

State Mileage Rates - Current Law and HB163		
	Current Law Rates	HB 163 Rates
Bus < 1/2 Full (45 capacity - 20 kids)	\$ 0.85	\$ 0.95
Bus > 1/2 Full (45 capacity - 40 kids)	\$ 0.85	\$ 0.95
Bus < 1/2 Full (65 capacity - 20 kids)	\$ 0.85	\$ 1.36
Bus > 1/2 Full (65 capacity - 50 kids)	\$ 1.28	\$ 1.36
Bus < 1/2 Full (71 Capacity - 20 kids)	\$ 0.85	\$ 1.57
Bus > 1/2 Full (71 Capacity - 50 kids)	\$ 1.49	\$ 1.57

Number of school districts not running bus route	199
Number of Routes less than Half Full	1,017
Percent of routes less than Half Full	51%

Perhaps this is not a problem. However if it is, HB 163 might be altered to require that buses less than half full receive the state and county mileage rate for the smallest buses, i.e. \$0.95 per mile. The additional cost to the state and counties would fall to \$1.2 million. Buses more than half full would account for \$1.1 million, and the rest is accounted for by buses less than half full.

This adjustment to HB 163 would however require counting riders as under the current system. However, it may be desirable to not require ridership reporting to OPI, relying on the threat of audits to keep districts honest. This would save time for OPI, but not for districts.

- 4) Set the amount of the state and county share of transportation costs at a fixed amount **per ANB**. If the amount were set at \$162 per ANB for districts with current transportation programs, the state and county share would equal the amount spent in fiscal 2001.

Advantages: Don't have to count ridership, type of rider, bus capacity, and miles. Amount to be received from state easily known in advance of budgeting.

Disadvantages: True transportation costs to district not reflected in ANB; Movements by existing students to outlying areas would require more miles driven thus raising costs which would not be reflected in the state and county share. Large changes in state and county share for certain districts. As shown in the table in the appendix, 181 districts, out of 253 running bus routes, would experience losses in state and county transportation dollars.

- 5) Retain current system, abolish county share, increase state share by amount of county share. Would require approximately 6.3 statewide mills to make revenue neutral to state general fund.. Currently county transportation mills vary from 0.14 mills in Glacier County to 14.7 in Powder River County.

Appendix

Transportation Simplification Options - FY2001

Districts = 253

	HB 163	HB 163 Adjusted	Per Mile @\$1.11/mile	Per ANB @\$162/ANB
Change in State & County Costs	\$ 3,653,525	\$ 1,171,159	\$ 45,508	\$ -
Change in State & County Costs by Winners	\$ 3,653,525	\$ 1,302,629	\$ 1,773,925	\$ 7,371,585
Change in State & County Costs by Losers	\$ -	\$ (131,469)	\$(1,728,418)	\$ (7,371,585)
Number of Districts Losing State & County Trans	-	29	88	181
Maximum Percent Loss	0%	-20%	-34%	-96%
Average Percent Loss	0%	-5%	-15%	-52%
Change in State & County Costs - > 1/2 full	\$ 1,062,788	\$ 1,062,788	\$(1,495,209)	N/A
Change in State & County Costs - < 1/2 full	\$ 2,590,737	\$ 108,371	\$ 1,540,716	N/A

Notes: HB 163 sets the state & County mileage rates at the following amounts

Bus Capacity	Mileage Rates
Nonbus	\$ 0.50
Less than 50	\$ 0.95
50 - 59	\$ 1.15
60 - 69	\$ 1.36
70 - 79	\$ 1.57
80 +	\$ 1.80

HB 163 adjusted uses the same rates but requires all buses less than 1/2 full to use the lowest rate

Rate of Fill by Bus Capacity

Bus Capacity	Number Less Than 1/3 Full	Number Less than 1/2 full	Count of All Buses	Percent Less Than 1/3 Full	Percent Less than 1/2 full
19	20	32	157	13%	20%
29	15	39	114	13%	34%
39	21	49	92	23%	53%
49	86	161	227	38%	71%
59	45	77	122	37%	63%
69	181	291	434	42%	67%
79	168	306	646	26%	47%
90	29	62	213	14%	29%
Total	565	1,017	2,005	28%	51%

Bus Routes by County, and Percent Fill - 2001

County	Number of Bus Routes	Buses less than 1/2 Full			
		Number of Routes less Than 1/2 Full	Percent	Average Percent of Fill	Average Bus Capacity
Beaverhead	18	9	50%	27%	74
Big Horn	34	12	35%	29%	43
Blaine	27	13	48%	33%	52
Broadwater	5	-	0%	N/A	N/A
Carbon	26	12	46%	39%	55
Carter	5	4	80%	37%	40
Cascade	226	121	54%	21%	66
Chouteau	19	12	63%	31%	54
Custer	5	1	20%	37%	41
Daniels	12	12	100%	27%	42
Dawson	29	18	62%	20%	60
Deer Lodge	10	1	10%	42%	72
Fallon	7	6	86%	35%	58
Fergus	33	23	70%	34%	50
Flathead	106	29	27%	33%	72
Gallatin	85	29	34%	21%	72
Garfield	7	6	86%	30%	41
Glacier	27	6	22%	36%	63
Golden Valley	5	2	40%	25%	53
Granite	4	-	0%	N/A	N/A
Hill	60	31	52%	31%	61
Jefferson	19	5	26%	37%	73
Judith Basin	21	19	90%	34%	43
Lake	60	16	27%	26%	68
Lewis & Clark	78	30	38%	24%	74
Liberty	16	11	69%	30%	43
Lincoln	52	18	35%	34%	64
Madison	19	7	37%	36%	41
McCone	11	7	64%	37%	38
Meagher	4	4	100%	25%	66
Mineral	9	4	44%	33%	69
Missoula	163	75	46%	28%	64
Musselshell	14	7	50%	35%	29
Park	24	11	46%	39%	66
Petroleum	4	4	100%	30%	46
Phillips	18	10	56%	25%	47
Pondera	18	9	50%	27%	47
Powder River	9	4	44%	39%	36
Powell	18	14	78%	29%	56
Prairie	8	2	25%	25%	39
Ravalli	67	17	25%	34%	64
Richland	30	19	63%	33%	52
Roosevelt	31	18	58%	26%	47
Rosebud	27	13	48%	30%	58
Sanders	33	14	42%	32%	61
Sheridan	21	16	76%	32%	42
Silver Bow	28	11	39%	38%	72
Stillwater	20	9	45%	37%	38
Sweet Grass	8	7	88%	36%	61
Teton	22	11	50%	34%	42
Toole	11	7	64%	33%	47
Treasure	5	2	40%	31%	65
Valley	25	19	76%	32%	48
Wheatland	5	3	60%	46%	53
Wibaux	4	3	75%	34%	55
Yellowstone	353	244	69%	25%	64
Grand Total	2,005	1,017	51%	28%	60

